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American Softwoods explore trade opportunities in South Africa

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Wood Products

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Report Highlights:

A total of nine delegates from the American Softwoods exhibited at the 2014 WoodEX for Africa Expo, the biggest wood show in South Africa. The American Softwoods exhibitors and products generated a lot of interest and recorded a total of 73 visitors who demonstrated keen interest to do business with the American Softwoods exhibitors by completing customer enquiry forms.

Exchange Rate
1US$ = R10.6

CY = Calendar Year
FAS = Foreign Agricultural Service
USDA = United States Department of Agriculture

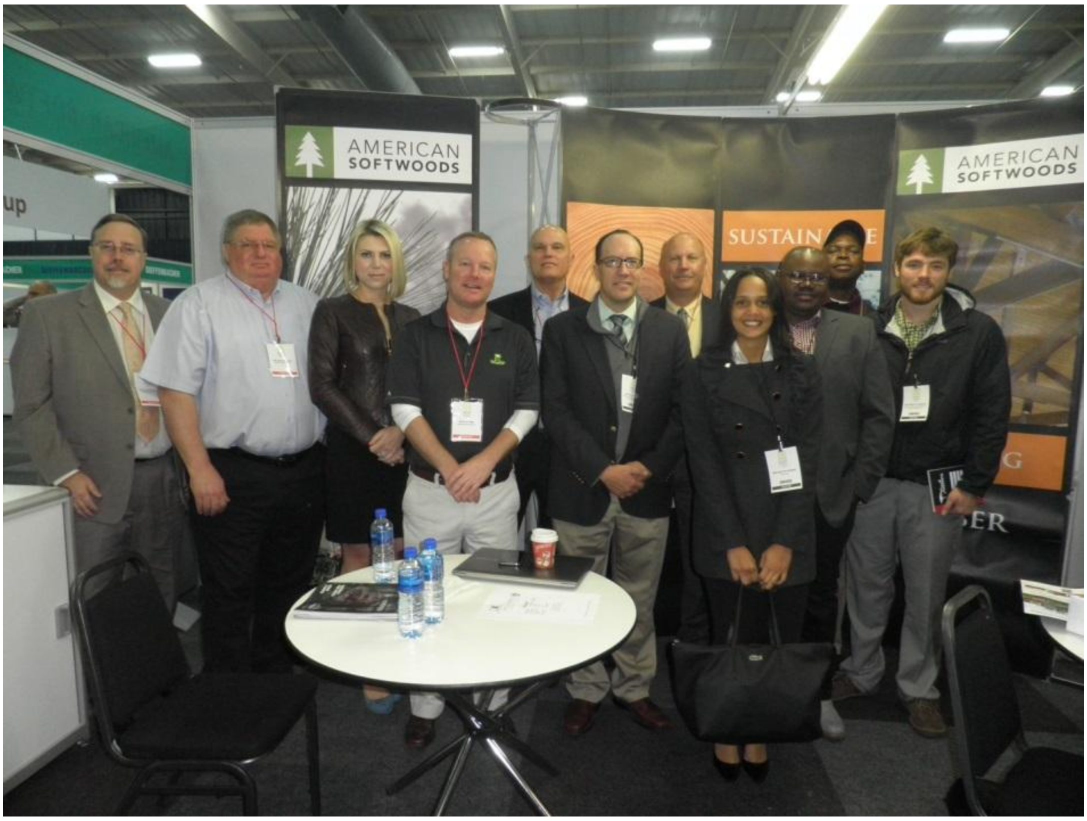
American Softwoods delegates at the WoodEX for Africa Expo

A total of nine delegates from the American Softwoods exhibited at the 2014 WoodEX for Africa Expo which took place in Johannesburg, South Africa from June, 5 to June, 7. The American Softwoods was represented by the following companies and delegates:

1. Almond Lumber – Vince Almond
2. Louisiana Pacific – Al Huber
3. Gulf South Forest Products – Robert Bishop
4. Atlas Trading – Scott Moe
5. Klumb Lumber – Edward Clessas
6. Elof Hansson US – Olga Dayneko
7. Coast Clearwood – Chris Boniface
8. The Engineered Wood Association – Charlie Barnes
9. Southern Forestry Products Association (SFPA) – Richard Kleiner

Figure 1 below shows the picture of the American Softwoods delegates and the FAS Pretoria Staff including Mr. Eric Wenberg (Agriculture Minister-Counselor), at the American Softwoods stand. Mr. Wenberg welcomed the delegates and reiterated that the Mission will continue to support the American Softwoods with trade issues in South Africa and the SADC region, through various USDA programs such as training programs for South African standard and regulation bodies; exposure of South African importers and distributors to the United States wood market and products; as well as technical and capacity building for domestic and regional policy makers to grow trade for American Softwoods; and FAS Pretoria had designated Mr. Wellington Sikuka (Agricultural Specialist) to handle the wood product portfolio. Mr. Richard Kleiner thanked FAS Pretoria for its support and commented that the American exhibitors were impressed with the quality of trade leads and networking opportunities at the Expo and were looking forward to an even bigger show in 2015.

Figure 1: American Softwoods stand at the 2014 WoodEX for Africa Expo



From left to right: Charlie Barns , Chris Boniface, Olga Dayneko, Scott Moe, Richard Kleiner, Eric Wenberg (FAS Pretoria), Al Huber, Nicole Ogando (FAS Pretoria), Wellington Sikuka (FAS Pretoria), Lucas Monama (FAS Pretoria)and Robert Helmerick (FAS Pretoria).

The WoodEX for Africa Expo

The WoodEX for Africa Expo is the biggest wood show in South Africa, and is focused on attracting key industry stakeholders from all over Africa. A total of 67 organizations exhibited at the 2014 show, the highest number since its launch in 2012. Information on the list of exhibitors is available on the following WoodEX website link; http://www.WoodEXforafrica.com/visitor/exhibitor-visitor-profile. The show attracted visitors from Botswana, Kenya, Malawi, Namibia, Tanzania, Zambia and Zimbabwe, as well as from Europe mainly Austria, Germany, Italy and Switzerland.

According to the organizers, the main business activities of visitors to WoodEX for Africa 2014 varied from Furniture Manufacturers (Twenty five percent), DIY (Twenty three percent), Contractors and Installers (Fifteen percent), Furniture Component Manufacturers (Twelve percent), Woodworking Companies (Twelve percent), Woodworking Material and Consumables (Nine percent) and Building Material Suppliers and Dealers (Nine percent) to Joinery Companies (Nine percent), Construction Companies (Eight percent), Traders in Wood Products (Eight percent), Interior Designers (Eight percent), Wood Machinery Manufacturers and Suppliers (Seven percent), Architects (Six percent) and Hardware / Retail Stores (Six percent).

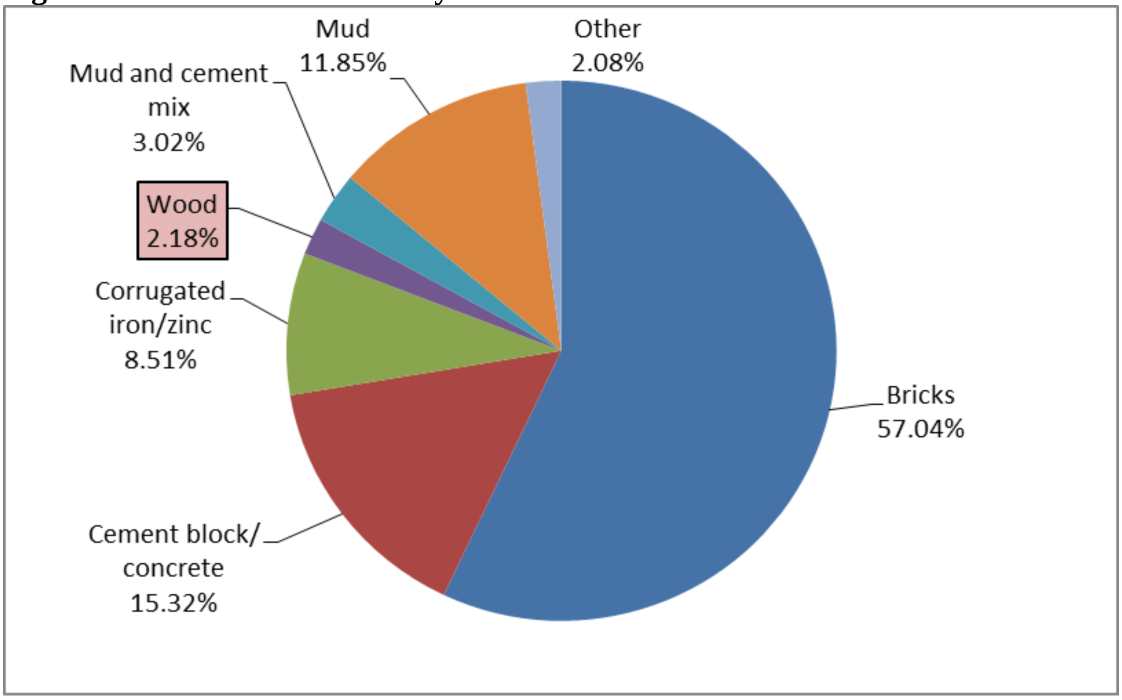
According to the organizers, 66 percent of WoodEX visitors indicated that they visited the event to evaluate new products and technology and 34 percent were at the show to network. Other reasons for visiting the show included to find new suppliers (Thirty five percent), to find new customers (Fifteen percent), to explore import/export opportunities (Fourteen percent) and to evaluate the show to exhibit in the future (Nine percent).

The American Softwoods exhibitors and wood products generated a lot of interest at the WoodEX Expo. A total of 73 visitors showed an interest to do business with the American Softwoods exhibitors by completing enquiry forms, and some of these enquiries have good potential to generate into business deals. Post will continue to engage with the American Softwoods and report any trade leads that have resulted into successful business deals.

Timber homes in South Africa

There is significant market potential for timber homes in South Africa. Refer to the GAIN report on 'Export opportunities for United States Softwood and Treated Lumber' on the following link; http://gain.fas.usda.gov/Recentpercent 20GAINpercent 20Publications/Exportpercent 20Opportunitiespercent 20forpercent 20U.S.percent 20Softwoodpercent 20andpercent 20Treatedpercent 20Lumber_Pretoria_Southpercent 20Africapercent 20-percent 20Republicpercent 20of_2-12-2014.pdf. Statistics on the exact number and sizes of timber homes built in South Africa is not readily and publicly available, as there is no organization that collects this primary information. However, an indication of the number of timber homes in South Africa can be estimated from the National Census Statistics collected by Statistics South Africa (STATSSA) which requires households to indicate the material used for each households walls and roofing. The South African housing market currently prefers using cement bricks for building houses. **Figure 2** shows that only two percent of the population indicated that their households' wall materials were made of wood, compared to 57 percent for bricks. The percentages presented in **Figure 2** are based on average percentages from the 2002 to 2012 national census results.

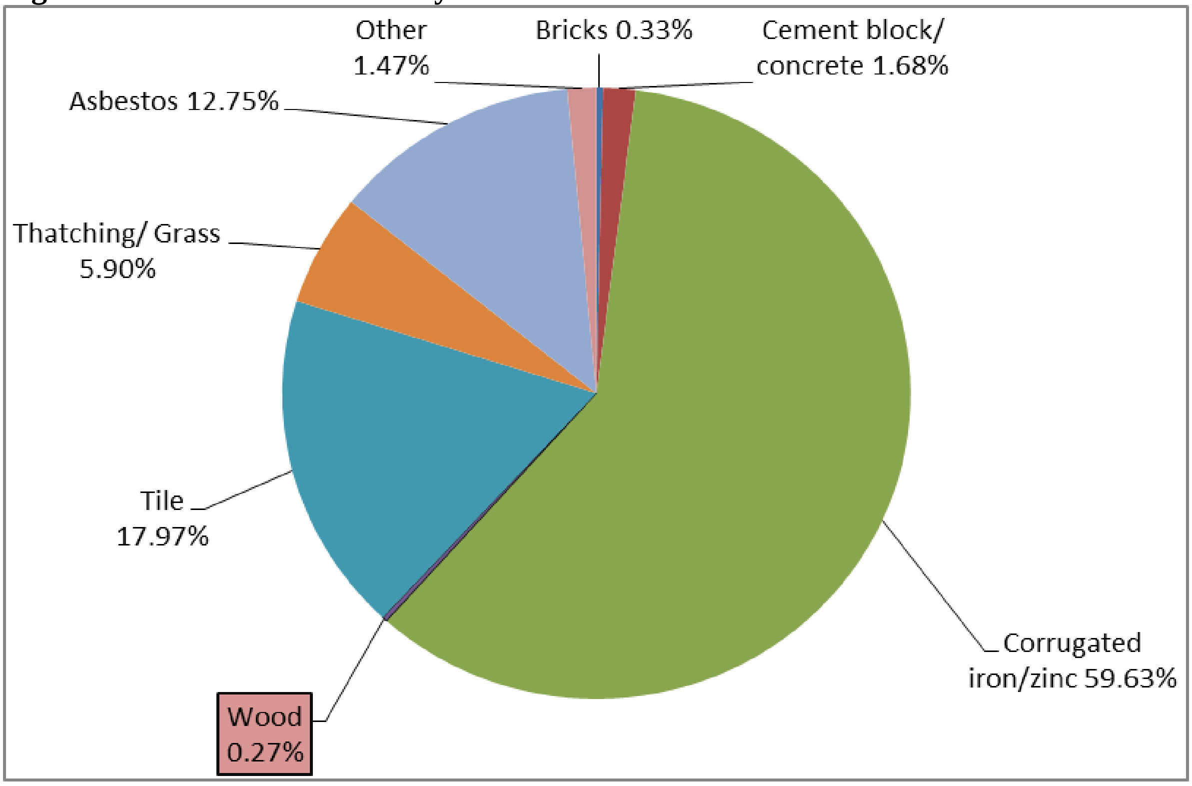
Figure 2: Wall materials used by the South African households



Source: STATSSA

Figure 3 shows the average percentages roofing materials used by households in South Africa. Only a marginal 0.3 percent of the population used wood as roofing material. The majority of households at 60 percent in South Africa use corrugated iron/zinc for roofing. The percentages presented in **Figure 3** are based on average percentages from the 2002 to 2012 national census results.

Figure 3: Roof materials used by the South African households



Source: STATSSA

South Africa Residential Housing and Construction Market

The South Africa residential housing and construction market is relatively significant. The total value of residential and non-residential building plans passed by municipalities was reported by STATSSA as approximately R86 billion (US$8, 1 billion) in the 2013 CY. **Tables 1** and **2** shows the historic statistics on residential and non-residential building plans passed by the municipalities in South Africa. Since the 2008 CY, the non-residential building market has been larger than the residential market. In the 2013 CY, a total of 8,426,253 square meters of non-residential building plans valued at R48 billion (US$4, 5 billion) were passed by the municipalities compared to 6,821,921 square meters of residential building plans valued at R38 billion (US$3, 6 billion).

Table 1: Recorded Residential building plans passed by municipalities

Year (Jan - Dec)	Residential buildings								
	Dwelling-houses < 80 square metres		Dwelling-houses >= 80 square metres		Flats and townhouses		Other residential	Total	
	Number	Square metres	Number	Square metres	Number	Square metres	Square metres	Number	Square metres
2000	49,779	1,949,635	20,715	4,283,260	11,059	1,220,680	190,236	81,553	7,643,811
2001	36,789	1,460,903	21,151	4,582,718	12,003	1,401,802	129,888	69,943	7,575,311
2002	46,401	1,771,097	24,393	5,509,129	14,746	1,793,234	199,537	85,540	9,272,997
2003	42,424	1,666,531	24,645	5,840,174	16,896	2,514,504	125,010	83,965	10,146,219
2004	36,559	1,529,730	32,152	7,548,704	24,038	3,525,710	180,410	92,749	12,784,554
2005	37,658	1,629,746	34,121	8,116,811	30,479	4,464,780	184,983	102,258	14,396,320
2006	37,147	1,657,023	34,846	8,082,214	31,932	4,138,546	207,859	103,925	14,085,642
2007	37,806	1,653,726	31,772	7,969,503	33,113	3,867,201	253,101	102,691	13,743,531
2008	34,173	1,497,120	21,441	5,467,768	29,603	3,244,177	386,316	85,217	10,595,381
2009	25,115	1,100,737	13,785	3,618,817	16,522	1,518,213	264,521	55,422	6,502,288
2010	20,752	928,325	14,885	3,809,452	12,275	1,172,152	197,567	47,912	6,107,496
2011	22,567	1,089,658	15,529	3,757,969	14,728	1,401,183	93,348	52,824	6,342,158
2012	17,793	867,330	16,582	3,883,451	15,445	1,495,616	133,568	49,820	6,379,965
2013	17,894	886,304	16,203	4,229,594	16,350	1,531,217	174,806	50,447	6,821,921

Source: STATSSA

Table 2: Recorded Non-Residential building plans passed by municipalities

Year (Jan - Dec)	Non-residential buildings				Additions and alterations		Total
	Office and banking space	Shopping space	Industrial and warehouse space	Other non-residential buildings	Dwelling-houses	Other buildings	
	Square metres	Square metres	Square metres	Square metres	Square metres	Square metres	Square metres
2000	1,146,762	599,295	1,193,930	542,639	3,042,758	1,031,907	7,557,291
2001	736,748	450,973	769,507	366,624	2,968,972	1,022,493	6,315,317
2002	447,633	499,150	1,058,378	527,895	3,275,538	1,259,792	7,068,386
2003	437,632	675,746	1,104,801	313,265	3,475,917	1,253,494	7,260,855
2004	514,389	865,220	1,310,646	396,861	4,320,487	1,261,173	8,668,776
2005	609,630	1,254,332	1,747,998	346,586	5,200,397	1,425,240	10,584,183
2006	973,300	1,185,866	2,197,611	375,858	5,288,732	1,431,718	11,453,085
2007	914,049	1,269,012	2,293,573	360,819	5,123,325	1,421,398	11,382,176
2008	1,018,213	1,571,383	2,227,132	285,548	4,081,631	1,830,398	11,014,305
2009	695,512	1,207,552	1,902,935	386,995	3,318,140	1,672,600	9,183,734
2010	465,661	655,452	1,338,913	406,875	3,443,686	1,451,709	7,762,296
2011	564,555	652,951	1,454,553	488,335	3,160,212	1,100,601	7,421,207
2012	706,779	782,327	1,504,658	346,765	3,125,614	1,056,645	7,522,788
2013	732,334	1,228,847	1,771,668	422,788	3,143,857	1,126,759	8,426,253

Source: STATSSA

The total value of residential and non-residential building plans completed by municipalities was reported by STATSSA as approximately R52 billion (US$4, 9 billion) in the 2013 CY.
Tables 3 and **4** shows the historic statistics on residential and non-residential buildings reported as completed to the municipalities in South Africa. More residential buildings were reported as completed than non-residential buildings since the 2000 CY. In the 2013 CY, a total of 4,974,489 square meters residential buildings valued at R26 billion (US$2, 5 billion) were completed compared to 4,934,190 square meters of non-residential buildings also valued at approximately R26 billion (US$2, 5 billion).

Table 3: Residential Buildings reported as completed to larger municipalities

Year (Jan - Dec)	Residential buildings							Total
	Dwelling-houses < 80 square metres		Dwelling-houses >= 80 square metres		Flats and townhouses		Other residential buildings	
	Number	Square metres	Number	Square metres	Number	Square metres	Square metres	Square metres
2000	37,810	1,409,061	10,692	2,112,691	7,527	753,732	85,205	4,360,689
2001	27,273	1,083,452	11,635	2,395,109	7,093	804,997	116,047	4,399,605
2002	36,353	1,417,214	14,459	3,081,257	10,473	1,218,020	110,568	5,827,059
2003	29,555	1,131,718	15,296	3,344,622	11,862	1,448,249	159,247	6,083,836
2004	38,200	1,480,215	17,864	3,940,331	14,618	2,044,285	128,844	7,593,675
2005	26,307	1,049,189	22,251	4,913,800	22,066	2,826,268	64,947	8,854,204
2006	24,029	1,032,528	22,118	4,941,428	23,858	3,120,296	76,101	9,170,353
2007	27,555	1,192,474	22,157	5,042,030	26,949	3,092,497	175,955	9,502,956
2008	23,480	1,055,108	20,357	4,751,322	26,221	2,808,764	201,665	8,816,859
2009	24,579	1,075,337	13,906	3,667,902	18,462	1,970,734	223,633	6,937,606
2010	18,858	837,429	10,856	2,787,173	10,965	1,191,976	192,468	5,009,046
2011	19,506	906,246	11,456	2,773,544	9,545	996,413	149,523	4,825,726
2012	20,023	902,955	11,569	2,805,442	11,386	1,104,767	45,645	4,858,809
2013	17,436	808,514	11,538	2,859,082	12,511	1,218,234	88,659	4,974,489

Source: STATSSA

Table 4: Non-Residential Buildings reported as completed to larger municipalities

Year (Jan - Dec)	Non-residential buildings				Additions and alterations		Total
	Office and	Shopping	Industrial and	Other non-	Dwelling-houses	Other buildings	
	Square metres	Square metres	Square metres	Square metres	Square metres	Square metres	Square metres
2000	589,782	522,343	704,633	273,610	1,372,717	592,632	4,055,717
2001	587,789	729,953	655,613	204,703	1,429,160	530,821	4,138,039
2002	599,460	281,272	582,700	231,678	1,533,155	535,122	3,763,387
2003	481,277	291,139	534,041	379,198	1,460,323	588,983	3,734,961
2004	358,212	478,270	744,809	159,992	1,512,078	535,959	3,789,320
2005	495,014	398,919	750,562	144,510	1,662,014	565,331	4,016,350
2006	328,190	674,007	879,413	112,027	1,987,253	637,895	4,618,785
2007	636,730	791,319	1,516,697	169,229	2,044,860	631,801	5,790,636
2008	1,037,818	1,373,252	1,284,629	154,440	2,233,737	910,010	6,993,886
2009	974,151	1,020,487	1,431,083	225,453	2,311,557	998,238	6,960,969
2010	588,992	609,570	1,018,236	221,388	1,811,174	772,247	5,021,607
2011	381,922	583,143	785,354	246,577	1,762,670	693,393	4,453,059
2012	462,586	529,159	1,128,375	200,640	1,466,959	549,710	4,337,429
2013	795,560	565,853	955,483	229,563	1,722,368	665,363	4,934,190

Source: STATSSA